

Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 L-03 OMB-01

CIAE-00 INR-07 NSAE-00 MC-02 IGA-01 AID-05 TRSE-00

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9854

INFO SECDEF WASHDC

CONFIDENTIAL CARACAS 8535

EO 11652 GDS

TAGS: MASS VE

SUBJ: FUTURE FMS CREDITS TO VENEZUELA

REF: CARACAS 7994

1. IN A MEETING ON AUG 13 WITH COL BUSH, US MILGP COMMANDER, VENEZUELAN CHIEF OF STAFF MAJOR GENERAL AUGE SAID THAT THE VENEZUELAN ARMED FORCES WERE "DEEPLY DISAPPOINTED" OVER THE INABILITY OF THE US AND VENEZUELA TO SIGN A CREDIT AGREEMENT. AUGE CLAIMED THAT THE LOSS OF THE CREDIT PREVENTED THE ARMED FORCES FROM IMPLEMENTING A NUMBER OF KEY PROGRAMS. PARTICULARLY PAINFUL WAS THE LOSS OF \$7.5 MILLION FOR AN IMPROVED COMMUNICATIONS SYSTEM, SINCE THE PRESENT SYSTEM IS ANTIQUATED.

2. MAJ GEN AUGE THEN MENTIONED THAT THE VENEZUELAN ARMED FORCES WERE HOPEFUL THAT AGREEMENT COULD BE REACHED ON AN FY 76 FMS CREDIT REQUEST BECAUSE THIS CREDIT IS NOT AVAILABLE TO THEM FROM ANY OTHER SOURCE TO BUY US EQUIPMENT. WHEN COL BUSH REMINDED AUGE OF THE LEGAL COMPLICATIONS WHICH PREVENTED SIGNING OF THE LOAN AGREEMENT, AUGE RESPONDED THAT THE INABILITY OF BOTH GOVTS TO SIGN THE AGREEMENT DUE TO THE QUESTION OF LEGAL JURISDICTION WAS LAMENTABLE AND HOPED THAT THE PROBLEM COULD BE RESOLVED. HE DID NOT OFFER A SOLUTION BUT COMMENTED THAT THE GOV POSITION LEFT LITTLE ROOM FOR CHANGE.

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3. COMMENT: APPARENTLY, VENEZUELAN DEFENSE MINISTRY OFFICIALS

ARE HOPING FOR A NEW FMS CREDIT AGREEMENT FOR FY 76, DESPITE THE
MINISTER OF DEFENSE'S RECENT STATEMENT TO THE AMBASSADOR THAT
THERE WAS NO FLEXIBILITY ON THE VENEZUELAN SIDE ON THE QUESTION
OF LEGAL JURISDICTION. IN THE EMBASSY'S VIEW, IT WOULD BE MOST
UNDESIRABLE TO HAVE THE VENEZUELAN ARMED FORCES BUILD UP FALSE
EXPECTATIONS OF A NEW CREDIT AGREEMENT AND BASE THEIR FUTURE
PLANNING ON SUCH AN AGREEMENT, IF THE SAME LEGAL DEADLOCK IS
GOING TO OCCUR WHICH PREVENTED THE LAST AGREEMENT.

SHLAUDEMAN

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